

BUCKETING INQUIRY BOUGHT AT ALBANY

Senator Katlin's Measure
Calls for Action on
Revelations.

8-MAN BODY PROPOSED

\$10,000 Appropriation to Be
Set Aside for Work of
11 Months.

PARTY SUPPORT NEEDED

Legislature Not Friendly to
Any More Investigations Un-
less Caucus Approves.

Special Dispatch to THE NEW YORK HERALD.
New York Herald Bureau,
Albany, Feb. 22.

Legislative inquiry into all bucket shop frauds and the prosecution of any person who has made any unlawful transfer of stock is demanded in a resolution introduced to-day in the Senate by Senator Abraham I. Katlin, Republican, of Brooklyn.

The proposal is for a thorough investigation of the situation which has been uncovered by THE NEW YORK HERALD. Financial interests which are always on the alert here to block any inquiry into their affairs became active immediately to suppress the resolution.

Senator Katlin, a member of the majority, announced he would make a fight for the house cleaning. Unless he succeeds in making his resolution a party measure, Katlin probably will not get far. The leaders have announced their opposition to creating new investigating committees this year.

The resolution recites that charges have been made publicly that certain persons and corporations are defrauding various persons by means of illegal, unlawful and fraudulent sales and the practice of deceit and fraud in the sale and transfer of shares of stock in corporations, bonds, options and other evidence of debt.

Committee of Eight Authorized.

It is proposed to create a joint committee to consist of three members of the Senate and five members of the Assembly to be named by the Speaker to investigate and ascertain whether any person or corporation acting in his or its own right, as officer, agent, servant, correspondent or representative of another, has engaged or is engaged or assisting in the practice of any deceit or fraud, or has made or is making any false or misleading statement or representation in connection with any transaction or dealing whereby a sale or transfer of stock in corporations, bonds, options or other evidences of debt is consummated or attempted or whereby any person is induced to purchase the same, or has made or is making or offering to make any unlawful or fraudulent sale or transfer of any such stock, bonds or other evidences of debt, or has been or is conducting or operating any business involving the sale or transfer or pretended sale or transfer of such stock, bonds, options or other evidences of debt without actual exchange or delivery thereof in violation of the laws of this State.

The committee is authorized to employ assistants to sit and conduct investigations anywhere within the State and to take and hear proofs and testimony, subpoena and compel attendance of witnesses, compel the production of books, records, papers and documents and otherwise have and exercise all the powers provided by the legislative law.

It is provided that no person shall be excused from attending and testifying before the committee or before any subcommittee thereof or from producing books, papers, contracts, agreements or other documents before the committee in obedience to its subpoenas on any ground or for the reason that the testimony or evidence documentary or otherwise required of him may tend to incriminate or degrade him or to subject him to a penalty or forfeiture; but no person so attending and testifying or producing such books, papers or documents shall be subjected to prosecution or to any penalty or forfeiture for or on account of the particular transaction, matter or thing concerning which he may testify or produce evidence, documentary or otherwise before said committee or subcommittee.

Report Required Next Year.

The committee would begin its hearings immediately and the committee as a whole through subcommittees may hold sittings all summer. The committee is instructed to report to the Legislature with all convenient speed, but in no event later than February 1 next, the results of all its investigations under these resolutions, with its recommendations and formulate such legislative plans as the committee may deem necessary to remedy such conditions. The resolution ends thus:

"That whenever it shall appear to be to the satisfaction of the said committee that sufficient proof of a violation or violations of the first of the articles herein is available as to justify prosecution of any person or corporation, then the proof thereof, together with such information as is available, shall be transmitted to the prosecuting officer of the county or counties in which such violations occurred, if in the opinion of the said committee, public interests shall be benefited thereby. The sum of \$10,000 or so much thereof as may be necessary shall be paid for the expenses of such committee from the legislative contingent fund upon vouchers audited and approved as provided by law."

PROF. DAWSON TO LECTURE.

Prof. Edgar Dawson of Hunter College will deliver at 8:15 to-night at the Hotel Pennsylvania the first of a series of Thursday evening lectures under the auspices of the New York League of Women Voters. His subject is "The Office of President." Mrs. Leslie Thompson will preside.

WOMAN'S BODY IDENTIFIED.

CAMDEN, N. J., Feb. 22.—The body of a woman found in Forest Hill Park on Friday was identified to-day as that of Stella Myers, 22. She had a police record of several arrests for intoxication and vagrancy.

Girl With Psychic Eyes Anticipates Scientist's Feature in Sunday's New York Herald.

'WASH SALES' INFLATE PRICE OF BAD STOCKS AND SWINDLERS REAP

Deals on Fictitious Market Separate From Bucketing,
Though Bucket Shop Operator Sometimes Gets in
at the Kill to Fleece Stockholders in Big 'Clean-
up'—Game Worked Often in Other Cities.

This is the thirteenth of the series of articles which THE NEW YORK HERALD is publishing to show how bucket shops through nationwide operations are swindling the public of millions of dollars. This article tells how dishonest brokers rob their customers by means of "wash sales." The fourteenth article will appear to-morrow.

A condition of rising prices usually is bad news for the bucketeer, and frequently is disastrous. As long as the market is low the bucket operator is in position to call for additional margin and close out his victims with greater ease and frequency for lack of margin. But when stocks begin to rise the bucket shop's clients begin to flock in with demands for the profits they think they have made.

The bucketeer, of course, puts off making such payments as long as possible, but after a while the demands become too insistent. The customer's money already having been spent and no investment of it having been made for the customer's account, naturally the bucket shop operator finds himself short of cash with which to pay profits. Word leaks around that the "broker" is not making his payments. A lot of investors become uneasy and anxious. A run results, and bang! goes the bucket shop. The receiver takes charge.

But the bucket shop operator also recognizes the value of increasing prices on some particular stock for his own purposes, and often takes advantage of a boom in some security. In such cases, however, the boom is usually of his own making. That method of boosting the price of a certain security is known as "wash sales."

Fits In With Bucketing.

A wash sale transaction cannot be in any manner considered as bucketing, but it is just as disastrous to the victims who get caught by it, and is a common resort of a bucket shop, particularly a "broker" handling subscription issues.

Bucketing an order consists of failing to buy and hold for delivery stocks ordered by a customer, meanwhile appropriating the customer's money for unauthorized use. The fleeing through the wash sale process is accomplished by the actual delivery of the stock, but only after its price has been fictitiously boosted to many times its real value, so that the customer in reality pays out good money and much of it for comparatively worthless stock.

It usually takes an understanding or conspiracy among several individuals or firms to carry out wash sales. The process is simply that A, B and C, agree to sell back to each other between themselves shares of the security with the idea of boosting its price fictitiously. A sells to B at a certain price. B turns around and sells to C at a slightly higher price. C, in turn, sells back to A or to B with a few points more added to the figure. All the time the same stock is being sold and the same money, if, indeed, any money actually passes hands. In that manner, the price is sent up a few points at the time through apparent market activity, when as a matter of fact there has been not a single actual bona fide sale of the stock in any of the transactions which have increased the price.

Agents Sell on Crest.

The advantage to the "broker" is that while this is going on he has his agents and salesmen in New York and scattered about the country selling stock to "suckers." These agents daily are informed of the price increases of the stock and these increases are used as argument to convince victims that the price is going right on up, and if they buy now they will be able to sell later at a big profit.

In fact, such a "broker" not infrequently will guarantee that the stock will reach a certain figure by a certain day. He is in position to make that guarantee because he is the chap who is making the price go up and down.

A common custom, when a "broker" thinks he has not fleeced a victim of the money he can get, is to allow the victim to sell a few times at increased figures and take down his profits. Thus having established in the victim the confidence that his "broker" is on the square, that he is looking out for the interests of his customer, and that his "tips" on the market are reliable and profitable, the "broker" eventually is able to persuade the victim to entrust every cent he can spare for some "investment."

Bottom Drops Out.

Now, after the price of such a stock has been "washed" up and up until it is six, eight or ten times par, and either the supply of stock or the supply of victims is exhausted, what happens?

The "washing" process stops, nobody hears any more about the stock which a week before appeared to be in such tremendous demand and to have such brilliant prospects. There is not a person to be found anywhere who wishes to trade in the stock; the balloon of prices is punctured and collapses. The holders of the stock then, instead of having the valuable security which they thought they had bought, find that the stock is hardly worth the paper it was printed on, and are lucky to get so much as par for it.

Jerome Simmons, Assistant District Attorney, recently has had under investigation a swindle which was achieved through the "wash sale" method. He said it was an "easy" "washing" proposition as has been found in the financial district in some years.

Mr. Simmons' investigators were able to trace certificates of stock from the hands of the "washers," through the selling brokers, over to the buying brokers and back to the original owners without the slightest difficulty.

In each transaction the customary check was paid, which easily could represent the same money, but not a single commission was paid on any sale or purchase. That fact reveals a peculiarly raw situation. The reason the commissions were not paid was that the firm had its own men on salary to make the purchases and sales.

"When the washing of this stock

20 BROKERS FACING FRAUD INDICTMENTS

Two Juries Expected to Re-
turn Seven Presentments
To-day.

13 ALREADY ACCUSED

Roundup of Those Wanted
for Trial Is Anticipated
in Short Time.

MANY RECORDS SEIZED

Accounts Investigated by Dis-
trict Attorney Show Weird
Deals.

Indictments against possibly a score of brokers probably will result from the investigation being carried on by the District Attorney's office. The examination of documents and witnesses necessarily will continue for weeks. To-day, unless plans are changed, evidence will be presented in such cases to two grand juries.

Of the thirty-four firms against which complaints have been made, indictments have been found against members of not more than three as far as is known. Another batch of seven indictments is expected to-day, but the names of those indicted will not be made public unless there are arrests. It is understood that already there are thirteen persons indicted but not apprehended.

Roundup Believed Near.

The trend of events in the Criminal Court Building indicates that sooner or later there will be a roundup of considerable proportions. It has been found that some of the cases are interwoven, so that it is unwise to apprehend an indicted man until the investigation into what originally appeared to be an independent complaint has been completed.

In some instances it appears the bucket shops always do not act independently, but, as in the case of wash sales, two or more act in concert.

Another feature which the examination of complaints has shown is that the firm name means absolutely nothing at all. One firm under investigation had a title that sounded well but did not have in it even one of the men supposed to be interested. These men, said to be two brothers, are believed to have been connected with other companies, doing much the same sort of business but with a different clientele.

Offers to Underwrite Losses.

At this juncture the prominent person who has introduced the broker to the community expresses his faith so strongly in the stock that he is willing to give his written guaranty that the stock will go to 70 by next January 1. So sure is he of such prosperity of the stock, that he is willing to sign and write the difference between that figure and anything below it at which the stock may stand on that date.

Through the mails comes a letter from the New York office of the broker to each of the holders of the stock, telling of a "big pool" which is about to be formed, as a result of which there really isn't any telling to what figure the stock might go. Undoubtedly, if the holders of the stock are wise, advises the letter, the thing to do is to send their stock right in to the broker and put it up as collateral for margin and speculate on the further marginal purchases.

Holders Rush to Post Office.

The holders of the stock in this town naturally already have a sort of community of interest in that they all were interested in the stock at the same time, through the same means, took the same risks and will in all probability share the same fortunes or misfortunes thereby. The result of that binding tie is that, backed by the additional advice of the gentleman who made the guaranty, only a few have to be told that it is known that they have a better chance of getting out of the stock than they have by waiting until every stockholder in town is rushing to the post office to mail his shares to the New York broker. By that means nearly all the stock on which the guaranty was made is corraled into the hands of the broker.

The "wash sales" gang have done a good job, the broker now assumes the role of bucketeer. He takes the stock put up for collateral and goes right out and sells it again on the strength of the fictitious bull market which his "wash sales" have created.

The time is now ripe for the grand blowup. "Wash sales" cease, and the stock begins to do a nose dive. From the broker come frantic calls for additional margin. Quick sellouts follow for lack of margin, and the stock suddenly has passed from the hands of the owners to whom the personal guaranty of 70 was made.

Naturally the gentleman who made the guaranty feels badly about the matter, but what can he do about it?

HER \$38,000 VERDICT UPSET.

Appellate Division Sets Aside
Award in Breach of Promise Case.

The Appellate Division in Brooklyn yesterday set aside the \$38,000 verdict recovered by Miss Winifred V. Lynch, in her suit against Alexander H. Pigge, Brooklyn meat dealer, for breach of promise, and directed that the case be retried.

The first trial resulted in a \$25,000 verdict, while the Appellate Division set aside on technical grounds. Miss Lynch alleged that Pigge proposed to her when she was 15.

Rockefeller Gives School of Hygiene to London

LONDON, Feb. 22.—The Minister of Health announces the Government's grateful acceptance of an offer of \$2,000,000 by the Rockefeller Foundation toward the building and equipping of a school of hygiene in London, provided the Government undertakes the appointment of a staff and the maintenance of the school.

TELLS TALE OF GUN THAT KILLED TAYLOR

Man Held in Detroit Says He
Drove Car Used by the
Slayer.

DETROIT, Feb. 22.—What he claimed to be the location of the pistol used to kill William Desmond Taylor in Hollywood three weeks ago was disclosed to Sheriff Irving J. Coffin late to-night by Harry M. Fields, who carries the film director's slayer to his home.

The latest statement of Fields, who is in custody here charged with slaying Taylor, has been transmitted to Los Angeles authorities and upon their success in locating the weapon rests the decision of local officers as to the veracity of the prisoner's assertions.

Fields also told the Sheriff to-night that the man who paid him \$800 for driving the automobile had changed a \$1,000 bill at Los Angeles bank on February 1, the day Taylor was killed, and an effort will be made to verify this statement. The money was received from one of two men driven to Taylor's home, Fields said, adding that they were accompanied by a woman.

Fields was identified to-night by Deputy Sheriff Carl Brooks as an internal revenue agent who worked in the vicinity of San Diego and Los Angeles in 1915. Brooks was a member of the Los Angeles police force at the time.

Los Angeles, Feb. 22.—Authorities here expressed little hope to-night that Harry M. Fields, under arrest in Detroit, really could prove his alleged knowledge of the murder of William Desmond Taylor, film director.

Fields was awaiting a reply to the questions telegraphed to Detroit by Sheriff William I. Traeger with the request they be put to Fields and his answers returned here.

ARBUCLE TRIALS \$13,000.

Manslaughter Case Costly to San Francisco.

SAN FRANCISCO, Feb. 22.—The two trials of Roscoe Arbuckle on a manslaughter charge arising from the death of Virginia Rappe, have cost the city of San Francisco nearly \$13,000, it was disclosed to-day with the filing of expense sheets.

Both trials resulted in a jury disagreement. The first trial cost \$5,953.23 and the second trial \$7,788.71.

REPRESENTATIVE FOR ALIEN BAN EXTENSION

Raker Warns Also Against
Anarchists in U. S.

A declaration in favor of extending for one year the three per cent. immigration law was made last night by Representative John E. Raker of California, speaking before the Junior Order of American Mechanics in Town Hall.

He said that Eschschewitz and anarchy are on the increase in the United States. "It is not fair," he asserted, "that Americans should not attain for twenty-one years the citizenship that the foreigners coming to this country may attain in five years. A great many of the foreign born who come to this country no sooner gain admittance than they begin to figure ways to overthrow the United States Government."

A plea for the restoration of the Bible to the public schools and for making daily Scriptural reading a part of the day's exercises in school was made by the Rev. William C. Van Dusen, State vice-chairman of the organization. The Rev. John Roach Straton presided.

BREATHING INTO LUNGS SAVES NEWBORN'S LIFE

Doctor and Policeman Act
Quickly With Baby.

Dr. Irving Feinseld, with the assistance of Patrolman William S. Maybeck, worked for forty-five minutes yesterday in stimulating the heart action of a baby just born to Mrs. Grace Vonavinto of 841 Kent avenue, Brooklyn. After the birth of the child Dr. Feinseld, who is connected with Beth Moses Hospital, applying a stethoscope to the breast, listened in vain for a heart beat. Then he slapped the baby vigorously and tossed it into the air in the hope of forcing the heart to begin its functions. He bathed the baby alternately in hot and cold water, but none of these agencies brought a response from the cardiac region.

Finally Dr. Feinseld and Patrolman Maybeck forced air from their own lungs into those of the child and induced breathing. They continued this for forty-five minutes, and during that time the child's heart action strengthened steadily.

TOWN SEEKS HISTORIC SITE.

Sag Harbor Would Make Plot a
Public Park.

Residents of Sag Harbor, Long Island, are trying to induce the Government to convey to the town a small plot, once the site of a British fort and later the location of a United States arsenal, used for the storage of cannon during the War of 1812. Subsequently the site was occupied by the Post Office and still later by a school house.

The town wishes to convert the plot into a public park and erect a monument. Long Island's representatives in Congress and various historical societies have been urged to support the movement.

PREFER U. S. ARMS MONOPOLY.

Metal Workers Petition Congress
to Take Over Manufacture.

Government manufacture of munitions is urged in a resolution forwarded to members of Congress yesterday by the Amalgamated Metal Workers of America. It is represented that the Government, by taking over the manufacture, could keep thousands of men and women employed in arsenals and thereby relieve the unemployment situation.

The initiative in the demand for Government instead of private control of munitions manufacture recently was taken by the International Association of Machinists, which has a membership of 300,000.

UNTERMYER IS WITH WAR ON BUCKETEERS

Declares District Attorney
Banton Is on Right Track
of Speculators.

WOULD HAVE REGULATION

Points to Reforms in New
York Exchange as Result
of Agitation.

Special Dispatch to THE NEW YORK HERALD.
PALM BEACH, Feb. 22.—Samuel Untermyer, in discussing to-day the regulation of stock exchanges, mentioned the interview of District Attorney Banton of New York as of interest all over the country because of the frauds practiced on investors through "bucket shops" and speculation.

"Mr. Banton is on the right track," said Mr. Untermyer. "I am glad to find that somebody is agitating this important subject, but fear that neither Mr. Banton nor any other single public official will accomplish anything against the powerful interests that are concentrated in the Stock Exchange, and no legislation will be worth the paper on which it is written unless it does not include that and all other exchanges."

"My judgment is based upon ten years' experience in trying to force Governmental regulation of the stock exchange. Speculation there is on a big, semi-respectable scale, and there is a hundred times as much stock gambling and manipulation as in the less reputable places."

"It is not unusual when a stock exchange house fails to find that the partners have been gambling on the short side of the market, carrying their short transactions by the use of their customers' stock."

"In my opinion, stock brokers should be stock brokers. They should be prohibited from dealing in stocks on margin in their own account. If a man is a broker he should be limited to the business of buying and selling for others. He should not be permitted to be an operator, which inevitably means that to a certain extent at least, however honest may be his operations in the generally accepted use of the term, he is still the man analyzing dealing with his clients' securities."

"Perhaps it is not generally known that many of the richest men in New York who do not do a dollar's worth of business for other people hold seats in the New York Stock Exchange for the purpose of their own operations. It enables them to buy and sell stocks on a large scale without paying the regular commission. I could name twenty of our leading financial men who are members but who have no stock brokerage business."

"It is a reproach upon our institutions that the New York Stock Exchange, which should be and if properly regulated would be the greatest and safest security market in the world, should be so disreputable among a law-abiding, free from all supervision or regulation by Federal or State authorities."

"It is bigger than any aggregation of banks and trust companies, and yet it is unsupervised. The law says it has been a veritable gambling den where the insiders with marked cards played the game against the outside public."

"As the result of the agitation for force regulation of the exchange the latter has been wise and far seeing. It has made many important reforms. Manipulation is not as easy as it used to be, but the public is still far from having the security to which it is strong enough to force proper protection of their interests, but hope I shall prove to be mistaken."

SAYS HUSBAND OFFERED
TO SELL HER FOR \$10,000

Fighting Separation Suit, He
Replies 'I Was the Slave.'

Mrs. Emma Popovits, of 20 Chestnut street, Newark, has brought suit in Chancery Court, Newark, for separate maintenance by her husband John, of 50 Waverly avenue, Newark, alleging that he offered to sell her for \$10,000 to a man who was paying her attention. Argument was heard Tuesday before Vice-Chancellor Backus, and Popovits on the stand denied that he ever had contemplated bartering away his wife.

He said he had named this sum as the amount of reparation due him for injuries received by him from the alleged friend of his wife. He denied that he has been cruel, picturing himself as a loving husband, who would not permit his wife to go out when it was raining.

"I was her slave," he said. "I washed the clothes, scrubbed the kitchen and carried out the garbage. I made her comfortable, although I am a father."

Mrs. Popovits said she was 16 when she was married to Popovits in Hungary, and during their early married life he bit her thumb and beat her frequently. The hearing was continued.

PORTUGAL'S CRISIS ENDS
WITHOUT BLOODSHED

Republican Guard Reported
Overthrown in Lisbon.

LISBON, Feb. 22 (Associated Press).—The political crisis has ended without bloodshed. It apparently has resulted in the overthrow of the Republican guard, which had been carrying out partisan propaganda ever since the assassination of Premier Sidonio Pais in December, 1918.

The Government will return to the capital and the Chamber of Deputies will meet to-morrow. The city was quiet to-day. Premier Silva expressed confidence in the loyalty of all the military and naval forces of the country. As soon as order had been restored, he said, the Government intended to devote the utmost energy to the economic and financial rehabilitation of the nation.

WHEN YOU
DRINK WATER

Drink Only the Best

POLAND
WATER

ORDER BY THE CASE
FROM YOUR DEALER

OR
POLAND SPRING COMPANY

1180 Broadway, New York
Tel. Madison Sq. 4718

"The Bank of Two Cities"

Established 1864



OFFICERS
Edward I. Edwards President
Robert E. Jennings Vice-President
Henry Brown, Jr. Cashier
Jacob R. Wortendyke Asst. Cashier
Clifford A. Speer Asst. Cashier

DIRECTORS
George T. Smith Robert E. Jennings
Edward L. Young Edward I. Edwards
Lyman N. Hine Arthur G. Hoffman
Henry E. Riese Charles A. Fulle

First National Bank of Jersey City

ONE EXCHANGE PLACE - JERSEY CITY
OPPOSITE PENNSYLVANIA STATION

Offices Now Ready

STEP into the Tube at Manhattan—step out at the Bank entrance.

One of the impressive buildings of the Greater Metropolis, overlooking the Bay—ten minutes from Wall Street—twenty minutes from Thirty-fourth Street.

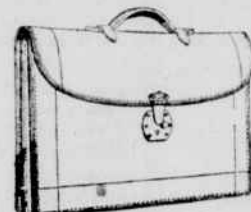
A comfortable ride morning and night—always in the opposite direction from over-crowded traffic.

Sixty per cent rented as the building opens—a roster of distinguished tenants—adds prestige to your location.

Suites admirably adapted for lawyers, architects, contractors and corporations; single offices from 500 feet to suites up to 9,000 feet.

Up-to-the-second battery of elevators, and the last word in office fittings. Moderate rentals—location as convenient as any in Manhattan.

Write or Personally Apply to McKay, Superintendent
1 Exchange Place, Jersey City



Crouch & Fitzgerald

Place on Special Sale the entire
stock of legal size, 4 pocket

Brief Cases

\$9.75

Formerly \$20 to \$25

Crouch & Fitzgerald

587 Fifth Avenue
Above 47th Street



177 Broadway, Bet.
Courtlandt & Dey Sts.

IT TAKES ONLY FIVE MINUTES

EVEN if now satisfied do not hesitate to answer the Help Wanted Advertisements in The New York Herald. One of the excellent positions advertised may be your big chance.



Read the Want Ad Pages Now

THE NEW YORK HERALD